

Flextronics International Inc.

Reconciliation of Non-GAAP Financial Measure

Free Cash Flow

We define free cash flow as "Net cash flows from operating activities" less "Purchases of property and equipment, net of dispositions" as shown on our Condensed Consolidated Statements of Cash Flows. We believe Free Cash Flow is an important liquidity metric because it measures, during a given period, the amount of cash generated that is available to repay debt obligations, make investments, fund acquisitions and for certain other activities. Free Cash Flow is not a measure determined in accordance with generally accepted accounting principles in the U.S., and may not be defined and calculated by other companies in the same manner. Free Cash Flow should not be considered a substitute for "Operating income," "Net income," "Net cash flows provided by operating activities" or any other measure determined in accordance with GAAP. Since Free Cash Flow includes investments in operating assets, we believe this non-GAAP liquidity measure is useful in addition to the most directly comparable GAAP measure — "Net cash flows provided by operating activities."

The following table reconciles Free Cash Flow to "net cash flows provided by operating activities:"

(\$ in thousands)

	Three Months Ended
	September 26, 2008
Free cash flow	\$ 610,827
Purchases of property & equipment, net of dispositions	145,668
Net cash flows used in operating activities	\$ 756,495

Flextronics International, Ltd.

GAAP Reconciliation - SG&A and SG&A as a % of Net Sales

(\$ in thousands)

	Fiscal Quarters Ended:			
	Sep-05	Sep-06	Sep-07	Sep-08
GAAP SG&A	\$ 129,336	\$ 148,347	\$ 152,551	\$ 258,687
Stock-based compensation expense	-	(6,973)	(9,128)	(16,340)
Distressed customer charges	(15,000)	-	-	(20,686)
Restructuring and other charges	-	(9,619)	-	-
Non-GAAP SG&A	\$ 114,336	\$ 131,755	\$ 143,423	\$ 221,661
Net Sales	\$ 3,808,075	\$ 4,702,333	\$ 5,557,099	\$ 8,862,516
GAAP SG&A as a % of Net Sales	3.4%	3.2%	2.7%	2.9%
Stock-based compensation expense	0.0%	-0.1%	-0.2%	-0.2%
Distressed customer charges	-0.4%	0.0%	0.0%	-0.2%
Restructuring and other charges	0.0%	-0.2%	0.0%	0.0%
Non-GAAP SG&A as a % of Net Sales	3.0%	2.8%	2.6%	2.5%

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Annual Return on Invested Capital

Return on Invested Capital (ROIC) divides after-tax non-GAAP operating income by an average of net invested capital. After-tax non-GAAP operating income includes after-tax operating income from divested businesses, and excludes intangible amortization, stock-based compensation expense, restructuring and other charges. Net invested capital is defined as total assets less current liabilities and non-operating assets. Non-operating assets include cash and cash equivalents, short-term investments, notes receivable, deferred income tax assets, and other non-operating assets.

We believe ROIC is a useful measure in providing investors with information regarding our performance. ROIC is a widely accepted measure of earnings efficiency in relation to total capital employed. We believe that increasing the return on total capital employed, as measured by ROIC, is an effective method to sustain and increase shareholder value. ROIC is not a measure of financial performance under generally accepted accounting principles in the U.S., and may not be defined and calculated by other companies in the same manner. ROIC should not be considered in isolation or as an alternative to net earnings as an indicator of performance.

The following table reconciles ROIC as calculated using after-tax non-GAAP operating income to the same performance measure calculated using the nearest GAAP measure, which is GAAP operating income from continuing operations adjusted for taxes:

	Fiscal Quarters Ended:			
	Sep-05	Sep-06	Sep-07	Sep-08
ROIC				
Non-GAAP	9.5%	11.0%	11.2%	11.3%
Restructuring and other charges	-4.8%	-8.3%	-0.7%	-5.2%
Discontinued operations	-0.8%	-0.6%	0.0%	0.0%
GAAP	3.9%	2.1%	10.5%	6.1%

Flextronics International Inc.
Reconciliation of Non-GAAP Financial Measure
Quarterly Cash Conversion Cycle

We define our Cash Conversion Cycle as the sum of proforma Inventory Turns and Accounts Receivable Turnover less Accounts Payable Turnover. We calculate proforma Inventory Turns as annualized proforma cost of sales (before adjustments for discontinued operations, stock-based compensation expense, restructuring and other charges) divided by average inventory (including inventory attributable to discontinued operations) for the quarter. We calculate our proforma Accounts Receivable Turnover as annualized proforma revenues (before adjustments for discontinued operations) divided by average accounts receivable (including accounts receivable attributable to discontinued operations) for the quarter. We calculate proforma Accounts Payable Turnover as annualized proforma cost of sales (before adjustments for discontinued operations, stock-based compensation expense, restructuring and other charges) divided by average accounts payable (including accounts payable attributable to discontinued operations).

We believe the Cash Conversion Cycle is a useful measure in providing investors with information regarding our cash management performance and is a widely accepted measure of working capital management efficiency. These are not measures of financial performance under generally accepted accounting principles in the U.S., and may not be defined and calculated by other companies in the same manner. These should not be considered in isolation or as an alternative to working capital as an indicator of performance.

The following table reconciles the Cash Conversion Cycle as calculated using the proforma measures described above to the same performance measure calculated using the amounts for cost of sales, inventory, accounts receivable and accounts payable as calculated in accordance with GAAP.

Cash Conversion Cycle in Days

	FY 07				FY 08				FY 09	
	Jun 06 Qtr	Sep 06 Qtr	Dec 06 Qtr	Mar 07 Qtr	Jun 07 Qtr	Sep 07 Qtr	Dec 07 Qtr	Mar 08 Qtr	Jun 08 Qtr	Sep 08 Qtr
Base on Non-GAAP Financial Measures	12	14	12	15	13	11	21	25	26	21
Proforma Adjustments Including Discontinued Operations	(0.1)	(0.1)	(0.4)	(0.7)	0.5	(1.0)	0.7	0.5	(0.3)	0.7
Based on GAAP Financial Measures	<u>12</u>	<u>14</u>	<u>12</u>	<u>14</u>	<u>14</u>	<u>10</u>	<u>22</u>	<u>25</u>	<u>26</u>	<u>22</u>